

## CHAPTER 12

FOREIGN DISBURSING OPERATIONS1201 MONETARY REGULATIONS

120101. Use of U.S. Currency. With the exception of areas where U.S. diplomatic or financial relations make the use of U.S. dollars inadvisable, U.S. currency or Treasury checks shall be the only medium of exchange for: pay of military and civilian personnel, except for amounts acceptable in local currency by payees and as required to be paid in local currency by this section; allowances, per diem, and travel expenses, except as required to be paid in local currency in excess and near-excess foreign currency countries; and purchases from appropriated and non-appropriated fund activities located in or visiting the foreign currency area.

120102. Reimbursable Expenses. Claims for reimbursement of personal funds expended on official business shall be paid in the foreign currency expended by the claimant, if available to the DO and acceptable to the claimant. If the claim is to be paid in U.S. dollars as authorized or required at the point of settlement, the claimant shall be required to state on the voucher the rate at which the expended foreign currency was acquired and the source from which acquired. The U.S. dollar equivalent shall be computed at the rate the claimant acquired the currency. If two or more purchases were involved, the U.S. dollar equivalent shall be determined on a "first-in-first-out" basis. For example: The claimant purchased 5,000 Malaysian Riggits in May 1991 at the rate of 2.7875 to one U.S. dollar and 3,000 in June 1991 at 2.7795. Expenses of 6,000 Riggits were incurred in July 1991. The U.S. dollar reimbursement is  $\$2,153.50 [5,000 / 2.7875 = \$1,793.72 + 1,000 / 2.7795 = \$359.78]$ . If the claimant had incurred expenses of only 4,000 Riggits, reimbursement would be  $\$1,434.98 [4,000 / 2.7875 = \$1,434.98]$ .

120103. Currency Custody Accounts. Currency custody accounts are arrangements approved by the Treasury whereby safety stocks of U.S. currency on the books of overseas military central funding officers are physically held in the Government's contractor-operated military banking facilities (MBFs). This 100 percent cash

reserve serves as MBF vault cash, with daily settlement between the MBF operator and central funding officer. Absent ready access to the Federal Reserve System (FRS), this mechanism assures the availability of U.S. currency to support the dollar economy exported in support of U.S. Forces stationed overseas. The balance held in the custody account is reported on line 6.4 of both the DD Form 2657, Daily Statement of Accountability and the SF 1219, Statement of Accountability as prescribed in chapter 19 of this Volume.

120104. Use of Foreign Currency

A. General. In areas where U.S. currency is prohibited or where diplomatic or financial considerations make its use inadvisable, the commander shall consult with other U.S. military commanders and State Department representatives in the area to determine the local government's foreign currency control regulations. The commander shall then issue instructions to conform to State Department procedures and local government foreign currency control regulations and, in addition, incorporate the following requirements to the extent necessary to comply with local conditions: foreign currency shall be used for all payments to U.S. personnel; foreign currency shall be used for all payments to vendors located in the area; foreign currency held by U.S. personnel shall not be repurchased except as outlined in section 1203 of this chapter; and U.S. dollar negotiable instruments shall not be cashed or issued without the written permission of the commander and then only in amounts required for cash purchases at U.S. Government authorized facilities (commissaries, snack bars, theater, post offices, etc.) or for immediate travel to an area where currency restrictions are not in effect.

B. Excess and Near-Excess Foreign Currencies. The Treasury determines those countries whose currencies are excess or near-excess. The Office of Management and Budget (OMB) annually publishes the information on those countries whose currencies have been

determined to be excess or near-excess. See table 12-1.

C. Basic Pay, Special and Incentive Pays, and Allowances for Subsistence and Quarters. Basic pay, special and incentive pays, and basic allowances for subsistence and quarters authorized for military personnel are expressed in U.S. dollars by statute and shall be paid in U.S. dollars or in military payment certificates (MPC), as appropriate, when such personnel are stationed in overseas areas. Salaries and differentials paid to U.S. citizen civilian personnel, similarly situated, paid in fulfillment of U.S. contractual or statutory obligations that are expressed in U.S. dollars shall be paid in U.S. dollars or MPC, as appropriate. Personnel shall be encouraged to use authorized exchange facilities for converting U.S. dollars to local foreign currencies needed to liquidate personal obligations. Such conversions shall be made with the understanding that local foreign currencies may be converted back to U.S. dollars only as authorized in section 1203 of this chapter. If foreign currency is being paid, the DO shall make payment on the basis of the MBF sell rate. If there is no in-country MBF, the DO shall make the foreign currency payment on the basis of the prevailing exchange rate.

D. Other Allowances. When military or civilian personnel are due allowances that are authorized to meet expenditures peculiar to an assignment in an excess or near-excess currency country (i.e. overseas station and cost-of-living allowances), they shall be paid in local currency obtained by the DO from the U.S. Treasury disbursing officer, except when one or more of the following occurs:

1. The local Treasury DO does not have local currency available for this purpose.
2. The allowance is for an expenditure the individual is required to make in U.S. dollars.
3. The payment is for an allowance due at time of separation from the assignment.
4. Prior approval has been obtained in writing from the U.S. Consulate or the

American Embassy to pay the allowance in U.S. dollars.

★ E. Travel and Related Costs

1. Advances for travel and related costs (including subsistence) of U.S. personnel, consultants, grantees, and others whose travel is reimbursed by the DoD Components, due to travel to, through, or from excess and near-excess currency countries, shall be paid with appropriate excess or near-excess U.S.-owned foreign currencies whenever feasible. The agreements with these countries include provisions for the use of U.S.-owned currencies for official travel and transportation purposes, but the specific limitations on their use may differ from country to country. In general, there is no limitation on the use of these currencies for travel expenses, including subsistence and transportation costs, where the travel or transportation originated in the excess or near-excess country. U.S. personnel shall be advised to use the accommodation exchange services provided by DoD disbursing offices or by State Department DOs for the purchase of local currency to cover all anticipated expenses while in the country concerned.

2. Travel and transportation costs incurred in movements terminating in or transiting excess or near-excess currency countries are limited to the approved uses as announced in the State Department Guidelines (reference (an)). See table 12-2 for a listing of the approved uses.

3. Most of the agreements with the countries listed in table 12-2 provide for connecting air travel in the United States as part of the authorized international travel.

a. In order to include such connecting travel in the through-ticketing payable in foreign currency, the GTR should be presented to the international carrier involved in the travel. Tickets purchased from such a carrier may provide connecting air travel to or from any point in the United States.

b. At this time, only Pan American World Airways (Pan Am) will accept payment in excess to near-excess foreign currencies. In order to charge the GTR in the foreign

currency, 75 percent of the designated travel must be for travel via Pan Am. GTRs specifying payment in excess currencies should not be presented to other airlines unless the airline is authorized to use Pan Am ticket stock.

F. Acquisition by Contractors and Payments Under Contracts. DoD contractors requiring currencies in excess or near-excess countries in the performance of their contracts or for the personal or official use of their officers or employees may acquire these currencies from local DOs. Travel and transportation costs for U.S. contractors, in excess and near-excess currency countries, also should be paid in the currencies of those countries. Every effort shall be made to include in contracts with U.S. contractors that obligations will be made payable, in foreign exchange of excess and near-excess currency countries, to the extent that the contractor may be expected to require such exchange for necessary expenses in the country involved. For instructions regarding the use of U.S. owned excess and near-excess foreign currencies to make payments for any program, project, or activity in a foreign country under contracts financed by appropriated funds of DoD Components, refer to Volume 10 of this Regulation.

G. Payments in Foreign Currency. If a foreign currency payment needs to be made and the DO has a limited depositary account (LDA) in that particular currency, the payment may readily be made by an LDA check. If the DO does not have an LDA in the particular foreign currency to be paid, but is located within the country to which the required currency is indigenous, the DO may acquire foreign currency cash from any of the sources in chapter 13 of this Volume and make a foreign currency cash payment. Otherwise, when a foreign currency payment needs to be made, the DO must send a properly certified voucher together with supporting documentation and a properly executed DD Form 577 to a DO who can make the payment in the foreign currency involved. In many cases, the DO (or cashier) who can make the foreign currency payment will be located at the U.S. Embassy or Legation. A DO requesting payment by a U.S. Embassy or Legation shall provide any additional information or documentation required by the U.S. Embassy or Legation to make the payment.

## ★1202 FINANCIAL TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS

### 120201. General Policies for Financial Transactions

#### A. Scope

1. This section implements policies of the Treasury Department on the use of U.S. Government funds in international programs on foreign exchange or interest costs to the Treasury. These include transactions with foreign countries and international organizations involved with bilateral or multilateral programs, such as procurement, research, codevelopment, coproduction, grants or other transactions that require the:

- a. outlay of U.S. dollars or foreign currencies,
- b. inflow of funds from foreign countries, or
- c. exchange of U.S. dollars and foreign currencies.

2. Except for arrangements entered into for the sole purpose of implementing U.S. international monetary policy, DoD Components shall observe the following policies to ensure that:

- a. U.S. dollars are retained in the Treasury until actually required for immediate disbursement, to minimize interest cost on the public debt;
- b. Interest on U.S. Government funds will not be used to subsidize program activities; and
- c. Arrangements with foreign countries and international organizations will accommodate the financial policies and procedures of each participating country or organization to the maximum extent feasible.

3. Any change in program costs resulting from the use of foreign currencies in international financial arrangements is the responsibility of the involved program agencies, U.S. or foreign.

### B. General Policies

1. DoD Components shall not permit the withdrawal of dollars from the Treasury, for placement with any program management organization, prior to the need for the dollars as determined by the actual immediate funding requirements of the recipient organization to carry out the project.

2. International programs that require U.S. funding shall be negotiated to provide for dollar outlays as close to the need for current program expenditure as possible.

3. The U.S. Government share of funding required to support a program shall be obtained by appropriation with no part of this funding derived from interest earned on U.S. contributions. DoD Components shall be responsible for assuring that any interest earned is promptly deposited to receipt account 1499, Miscellaneous Interest Collections, Not Otherwise Classified."

4. Whenever possible, international programs should consider the fiscal needs and funding policy considerations of each participating country or international organization, provided U.S. Government cash management policies are not compromised.

5. Requests from a foreign country or international organization for the temporary deposit and safekeeping of U.S. dollars in trust in an account of the Treasury will be decided on their own merit, based on the reason therefore, the specific financial arrangements proposed, and the relevant U.S. Government political and general financial considerations.

6. DoD Components shall not invest funds on behalf of a foreign country or international organization when U.S. Government receipt of such funds would serve as the basis for creating contract obligational authority for the DoD Component or other U.S. Government Department or Agency.

7. Application of these general policies in negotiation with foreign countries and international organizations shall not be compromised by DoD Component administrative prac-

tices. Existing practices should be altered or revised to achieve these principles of funding policy.

### 120202. Exchange of U.S. Dollars for Foreign Currencies

#### A. Scope

1. The following guidelines are to be followed by DoD Components when exchanging U.S. dollars for foreign currencies under programs with foreign countries and international organizations.

2. The guidelines are based on the principles that U.S. Government agencies, other than those specifically responsible for dealing with the value of the dollar in foreign exchange markets (i.e., Treasury and the Federal Reserve Bank of New York), should avoid holding foreign currency balances in excess of immediate working requirements; and foreign exchange transactions by U.S. Government agencies should not give the appearance of currency speculation in the exchange markets.

#### B. Guidelines

1. All exchange of U.S. dollars for foreign currencies is to be conducted for "spot" delivery; i.e., the purchase of foreign currencies for delivery in two business days. No use may be made of forward contracts or of purchase at negotiated rates directly from foreign governments or private contractors, unless authorized by the OUSD(C)AP and the Treasury Department.

a. In the Federal Republic of Germany, the DoD acquires spot deliveries of Deutschemarks through an arrangement with the German Federal Bank (Bundesbank).

b. In certain other countries, currently Japan and the United Kingdom, DoD annually canvasses U.S. and local banks to provide for all DoD local currency spot requirements. Following Treasury Department concurrence in canvass results, agreements are executed with selected banks to provide local currency spot credits under stipulated rate structures and settlement procedures.

2. No U.S. dollars should be exchanged for foreign currencies prior to the time that the foreign currency is needed for immediate funding requirements. DoD disbursing officers shall ensure that payment for foreign currency is not made prior to the value date of the exchange transaction.

3. DoD Components must avoid any appearance of currency speculation in foreign exchange markets.

4. Any change in program costs resulting from the foreign currency denomination of international financial arrangements is the responsibility of the program agencies, U.S. or foreign, involved.

5. DoD Components should attempt to reduce exchange risks for the United States in international programs by taking steps to assure that:

a. a larger portion of the program expenditure be in the United States, or

b. financial arrangements are in U.S. dollars or dollar-equivalents. If these steps are not feasible, DoD Components should enter into financial arrangements using a multiple currency "unit of account" that included the dollar as one of the currencies, to the extent provided in paragraph 120202.B.6, below.

6. The preferred currency for use in all international financial arrangements is the U.S. dollar, except in arrangements in which U.S. Government-owned excess or near-excess currencies can be used. If the only alternative to the U.S. dollar is the use of a foreign currency, DoD Components shall consult with OUSD(C)AP and the Treasury Department regarding use of a multiple currency unit of account that includes the U.S. dollar as one of its currencies. An example is the International Monetary Fund (IMF) "Special Drawing Right" (SDR), the exchange value of which is determined by the IMF on the basis of a basket of currencies assigned a weight in determining that value.

#### 120203. Procedures

A. The Treasury Department shall be consulted at the earliest possible time on any

potential or pending negotiations with foreign countries and international organizations that involve the matters reflected herein. Exceptions to these policies and guidelines outlined above will be made only on the basis of a Treasury determination that such exceptions would be advantageous to the United States.

B. Advice of pending negotiations and requests for approval of negotiated arrangements shall be processed through the Director for Accounting Policy, OUSD(C)AP, The Pentagon Washington, DC 20301-1100.

#### C. Excess and Near-Excess Currencies

1. Primarily as a result of foreign assistance or foreign agricultural development programs, the Treasury Department may acquire balances of certain foreign currencies with limited convertibility. Such currencies may, from time to time, be designated as excess or near-excess to U.S. Government needs. Failure to utilize these currencies can result in losses to the U.S. Government due to inflationary conditions or devaluation in the countries concerned.

2. Authorized uses of excess and near-excess currencies depend upon the terms of individual agreements signed with each foreign government under P.L. 83-480 (reference (ao)), as amended, and other Acts of Congress referenced herein. The following paragraphs, as well as I TFM 4-9080 (reference (w)) address the principal uses and limitations of such currencies. Any notifications to Treasury shall be made through the Director for Accounting Policy, OUSD(C)AP.

#### D. Use of Excess and Near-Excess Currencies for Vendor Payments

1. Rules for award of DoD contracts for foreign acquisitions are contained in part 25 of the FAR (reference (y)). Consultations with the OMB required under Subsection 25.304(c) of the FAR (reference (y)) shall be coordinated through the Director for Accounting Policy, OUSD(C)AP; DSN 227-0585, Commercial 703-697-0585.

2. Treasury Department disbursing officers shall exchange sufficient amounts of the excess foreign currencies needed to make payment of the contract for a dollar check in the

amount of the lowest responsive dollar contract bid or offer under the following conditions:

a. Provided that the U.S. disbursing officer (USDO) is not furnishing disbursing services for Department of Defense, the DoD disbursing officer shall acquire sufficient amounts of the foreign currency from the USDO to liquidate the total amount of the obligation.

b. In exchange for the foreign currency acquired, the DoD disbursing officer shall furnish the USDO with:

(1) A dollar payment from DoD appropriations or funds equal to the dollar cost of the lowest responsive contract bid or offer.

(2) A signed receipt for the number of foreign currency units given in exchange for the dollar payment.

(3) A copy of the applicable expenditure voucher.

c. In areas where the USDO has been certified to make local currency payments for Department of Defense and, in fact, is providing this service, the charge to DoD appropriations (as recorded on the DoD expenditure voucher) shall be limited to the dollar cost of the lowest responsive contract bid or offer.

E. Foreign Currency Payments for Contracts Funded from Military Construction Appropriations. The following criteria shall be used in determining the feasibility of foreign currency payments for contracts funded from military construction appropriations. U.S. dollars shall be used only when:

1. The Treasury Department is not holding excess or near-excess foreign currencies in the country involved. Inasmuch as this determination is made based on the currency situation at the time of contract award, it is possible that Treasury Department holdings of the particular foreign currency may change prior to final payment. Therefore:

a. If the foreign currency of the country should be declared in an excess or

near-excess position prior to making any or all payments under contracts specifying payment in U.S. dollars (which were awarded when another criterion applied), efforts shall be made by the responsible disbursing officer to have the contractor accept payment in excess or near-excess foreign currency. If the contractor is unwilling to agree, payment in U.S. dollars is not otherwise prohibited.

b. If the foreign currency of the country no longer is in an excess or near-excess position when payments are made under a contract specifying payment in such foreign currency, payments may be made either in the foreign currency or U. S. dollars.

2. To the extent provided by a treaty, executive agreement, or laws of the country concerned, payments are required to be made in U.S. dollars.

3. Responsive offers require a partial payment in U.S. dollars.

4. The only responsive offers received require payment entirely in U.S. dollars.

5. The contract is for a compelling need and of such unusual urgency that serious injury to the U.S. Government would likely be incurred if payment in foreign currency were to be insisted upon.

6. Contract bids or offers in local currency are unreasonably overpriced in relation to the dollar cost or to the local currency price available to non-DoD users of the same or similar goods or services.

7. If it is determined that payment in foreign currency funded from military construction appropriations is not feasible, the official designated in paragraph 120205 shall execute the following contract certification for retention with each contract file.

CONTRACT CERTIFICATION

I hereby certify, as required by paragraph 120203.E.7 of DoD 7000.14-R, Volume 5 and under the authority delegated to me in accordance with paragraph 120205 of DoD 7000.14-R, Volume 5, that it was not feasible to make payment in the amount of \$ \_\_\_\_\_ from foreign currency owned by the United States Government under this military construction contract executed in the country of \_\_\_\_\_ for the reason stated below:

(Cite the criterion applicable in the instant case)

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(Signature)  
(Name and title of person  
executing this Certification)

F. Use of Foreign Currencies for Travel and Transportation

1. Maximum use shall be made of U.S.-owned foreign currencies for transportation when certificated air carriers are available and willing to accept such currencies in payment for U.S. Government-financed commercial foreign air transportation of persons or property. Use of air carriers for U.S. Government-financed commercial foreign air transportation and the determination of their availability shall be in accordance with the provisions of DoD Directive 4500.9 (reference (ap)).

2. Consistent with the provisions of GAO Guidance (reference (aq)) and Comptroller General Decision B-184136 (reference (ar)), certificated air carriers shall be used for official air travel and transportation when available.

a. India and Pakistan have negotiated agreements that allow airlines to convert local currency to U.S. dollars. Due to these agreements, Pan American World Airways can convert their foreign currency receipts to U.S. dollars. This airline should be used when it provides 75 percent of the travel or transportation services to or from these countries.

b. In other countries, the national governments do not allow this type of

conversion and the U.S. Government cannot require local currency payments for these transportation costs. However, local currencies shall be used to the maximum extent for the payment of in-country travel, per diem, and shipments.

3. Consistent with the provisions of Department of State Foreign Currency Bulletins (reference (as)), every effort shall be made to use U.S.-owned excess currencies for international transportation by certificated air carrier, without regard to origin or destination, even if such usage results in a greater cost to the appropriation for fund charged.

4. In issuing and exchanging Government transportation requests (GTRs), Government bills of lading (GBL), transportation warrants, or other procurement documents, the form must clearly state "PAYMENT IN foreign currency." Otherwise, the carrier may demand payment in U.S. dollars.

5. The "BILL TO" portion of the GTR, GBL, transportation warrant, or other procurement document must contain the following:

- a. Name of the requesting agency.
- b. Address to be billed.
- c. Instruction on payment in foreign currency.

6. DoD Components initiating travel payable with U.S.-owned excess foreign currencies shall complete the "BILL TO" portion of the GTR, GBL, transportation warrant, or other travel procurement document by citing a DoD disbursing officer, whenever available, to perform this service.

G. Procedures When No DoD Disbursing Officer is Available

1. When a DoD disbursing officer is not available in an excess currency country and it is necessary to use a USDO for effecting payment of travel and transportation bills, the following procedures shall be followed:

a. The appropriate DoD Component having jurisdiction over the DoD appropriation shall delegate to Department of State certifying officers authority to certify vouchers against the DoD appropriation cited on the GTRs, GBLs, transportation warrants, or other documents.

b. Delegations of certifying authority shall be prepared in accordance with instructions contained in I TFM 4-2075.10 (reference (w)) and addressed through the Director for Accounting Policy, OUSD(C)AP, The Pentagon, Washington, DC 20301-1100 to the Office of Financial Operations, Department of State, Washington, D.C. 20520.

2. The "BILL TO" portion of travel documents shall be completed to show the address of the U.S. embassy in the capital city of the appropriate excess or near-excess currency.

3. In procuring international travel or transportation, the traveler or office issuing the GTR, GBL, transportation warrant, or other procurement document shall forward a memorandum or advance copy of that document to the appropriate U.S. embassy as soon as the purchase is made. DoD Component administrative procedures shall provide for forwarding such copies to the "BILL TO" address (the U.S. embassy that will pay the carrier in the designated foreign currency) as follows:

a. Documents originating in the United States shall be mailed to the "United States Embassy, (indicate capital city of foreign country), ATTN: Budget and Fiscal Section, c/o Department of State, Washington, DC 20520."

b. Copies of GTRs, GBLs, transportation warrants, and other documents and related correspondence mailed from points outside the United States shall be sent via official channels. The phrase, "Please forward via Diplomatic Pouch to the United States Embassy, (indicate capital city of foreign country)" shall be written on the inside envelope containing the documents. Army, Air Force or Fleet Post Office addresses may be used where available. However, documents shall be delivered to the nearest U.S. embassy or consulate for forwarding to other countries, if feasible, in preference to the use of open mail.

4. USDOs paying carrier bills in local currencies shall charge DoD Components at the U.S. dollar equivalent for that local currency using the official exchange rate at the time of payment.

5. USDOs shall render monthly a Standard Form (SF) 1221, "Statement of Transactions According to Appropriations, Funds and Receipt Accounts (Foreign Service Account)" to each DoD Component that uses their services to account for disbursements made on its behalf.

a. DoD Components shall provide the proper mailing address for SF 1221s to the Office of Financial Operations, Department of State, Washington, DC 20520.

b. If the DoD Component using USDO services has multiple office addresses for receipt of SF 1221s, this must be clearly stated and each office abbreviated designation shall be associated with each address as it will appear in the "BILL TO" space on GTRs, GBLs or other procurement documents. In cases where carriers fail to provide separate billings, the USDOs will be unable to prepare and mail separate SF 1221s. In such cases, DoD Components shall distribute these charges to its internal offices and notify the Treasury Department of any adjustments.

#### 120204. DoD Components' Responsibilities

A. As required by OMB Bulletins 66-1, 66-5, and 66-7 (reference (at)), use excess and near-excess U.S.-owned foreign currency in payment of contracts in foreign countries; or if such use is not feasible, execute contract certifications, as specified in paragraph 120203.E.7.

#### B. Ensure that:

1. Obligations under DoD programs, projects, and activities that can be funded with excess currencies be so liquidated, whenever feasible, according to criteria set forth in paragraph 120104.F, even though the cost to the appropriation or fund may not be the lowest in price.

2. Use of dollars or foreign currencies, or both, for the payment of overseas con-



tracts is authorized in accordance with criteria set forth in paragraph 120202.B.6.

3. Contractors pay expenses, incurred in performance of contracts in U.S.-owned excess currency countries, in the currency of those countries and obtain such currencies solely from the servicing U.S. or DoD disbursing officer.

4. Additional fund requirements that may result from implementation of the policies set forth above are financed from funds made available to those DoD Components executing the contracts.

120205. Delegation. Under the provisions of 10 U.S.C. 136, (reference (I)), the authority and responsibility for compliance with and making determinations of nonfeasibility are delegated to the Secretaries of the Military Departments, the Under Secretary of Defense for Research and Engineering, the Assistant Secretary of Defense (Comptroller), Directors of the Defense Agencies, and Director Washington Headquarters Services. These designees may make further delegations of this authority.

#### ★1203 CONVERSION REGULATIONS

120301. General. Where the use of foreign currency is necessary, the currency shall be obtained by one or more of the following methods in the preferential order in which listed. See chapter 13 of this Volume for detailed instructions regarding procurement of foreign currency.

A. By purchase from the Government of the United States (Contract Military Banking Facilities (MBF), Department of the Treasury, other U.S. DOs, or other accountable disbursing officials).

B. By purchase from commercial sources.

C. By repurchase from individuals (subject to the restrictions in paragraph 120304.E below).

120302. DO Responsibilities. DOs using foreign currency shall ensure compliance with the following requirements.

A. Foreign currency is obtained and used for official purposes only.

B. Foreign currency is not purchased or held in excess of immediate disbursing needs.

C. Foreign currency purchases with U.S. dollars are made for "spot" delivery (delivery shall be within 2 business days).

D. Foreign currency is in the physical custody of the DO or the limited depositary bank has posted a credit to the LDA before any foreign currency disbursement is made.

E. Foreign currency is not purchased by forward contracts directly from foreign governments, private firms or individuals or at a negotiated rate without prior authorization from the servicing DFAS Center.

F. Speculation in foreign currency is prohibited.

G. Where there is an MBF in-country, foreign currency purchases for official use (at the MBF sell rate) and for accommodation exchanges (at the MBF accommodation rate) shall be given preference, whenever possible.

★ H. Foreign currency held at personal risk by the DO in the safe or vault and in LDAs (including foreign currency held by all authorized deputies, agents, and cashiers within the disbursing office and at remote locations) is limited to a maximum of 7 business days requirement unless authorization has been received from the servicing DFAS Center granting an increase.

I. When purchased from sources other than the U.S. Government, foreign currency is purchased at the best rate available in compliance with the laws of the country where it is being used.

J. Foreign currency collection records are maintained showing the source of the currency; indicating miscellaneous receipt accounts or other Treasury accounts to be credited; and any restrictions on the use of the currency.

K. Foreign currency reports are prepared as prescribed in chapter 16 of this Volume.

120303. Disbursing Agents of the Office of the Secretary of Defense (OSD)

A. Purpose and Appointment. Disbursing agents of the Office of the Secretary of Defense (OSD) are commissioned officers, warrant officers, non-commissioned officers, or civilian employees who are appointed by the DoD(C), or designee, the Director of Budget and Finance, Washington Headquarters Service (WHS), to act as agents for an accountable DO. Such appointments shall be coordinated with the DO at WHS. Their purpose is to acquire cash and make such payments as are specified in the appointment. These disbursing agents may be appointed for an indefinite period of time or for a specific mission of limited duration. Such disbursing agents shall obtain all necessary funds from or through the DO currently servicing DoD/WHS and shall be accountable to that officer.

B. Conversion Authorization. Disbursing agents of OSD who acquire foreign currency in the course of their official duties are authorized to exchange such foreign currency for U.S. dollars at the nearest DoD disbursing office or other authorized U.S. disbursing office prior to departing from the foreign country, or prior to returning to the U.S. DoD DOs in foreign countries shall convert foreign currency to U.S. dollars for officers or civilians appointed as disbursing agents of OSD. Such conversions shall be reported on the Foreign Currency Report as an acquisition from "OSD disbursing agent (name of agent).". The letter appointing the disbursing agent shall be presented to the DO when the agent requests conversion of currency.

120304. Accommodation Exchange Services

A. General. Accommodation exchange services are: the exchange of Treasury checks or U.S. dollar instruments for U.S. dollars (i.e., check cashing); the selling of foreign currencies in exchange for U.S. dollars or dollar instruments for the convenience of authorized personnel; and, where permitted, the repurchase of foreign currencies with U.S. dollars or dollar instruments.

B. Authorization

1. DOs are authorized to use official funds to:

a. Pay out foreign currency for checks, drafts, bills of exchange, and other instruments payable in U.S. dollars.

b. Cash for the same currency in which drawn, foreign currency checks drawn by accountable officers of the United States on official non-symbol checking accounts when the currency is needed by the officer for official purposes. No additional approvals are required.

c. Provide U.S. dollars in exchange for U.S. Treasury checks drawn by DOs of the State Department or other accountable officers of the United States when the U.S. dollars are needed for official purposes. No additional approvals are required.

2. Except as authorized above for providing U.S. dollars or foreign currency to DOs of the State Department or other accountable officers of the United States for official purposes, commanders shall specifically approve and implement accommodation exchange services only after determining that:

a. contract MBFs, other on-base financial institutions, commissaries, exchanges, and U.S. postal facilities cannot adequately fulfill the needs of DoD personnel;

b. the DO or agent has an immediate need for the foreign currency repurchased; or

c. authorized personnel have been ordered by competent authority to safehaven posts because of emergency evacuation.

3. All negotiable instruments presented to purchase foreign currency shall be presented by the payee in person or by a dependent holding a valid power of attorney from the payee. Refer to chapter 04 of this Volume for detailed requirements for providing check cashing services.

C. Authorized Personnel. The instruments cited above may be exchanged by DOs for the accommodation of those personnel described at paragraph 040104 in chapter 04 of this Volume.

D. Sales of Foreign Currency to Individuals. Accommodation exchanges of foreign currency normally will be made by MBFs at those installations served under the DoD MBF contract. In countries served by contract MBFs, DOs providing accommodation exchange services shall acquire needed foreign currencies from the MBF and make those exchanges at the MBF accommodation rate. DoD personnel shall not be provided accommodation exchange service by State or Treasury Department DOs in areas where such services are provided by DoD DOs. This shall not preclude DoD personnel assigned or attached to U.S. embassy duty from using available embassy cashier services. DOs, agents, and cashiers making foreign currency accommodation exchanges shall maintain DD Form 2664, Currency Exchange Record on a daily basis to ensure that the authorities and limitations contained herein are efficiently implemented. An example of DD Form 2664 is provided as figure 12-1.

E. Repurchase of Foreign Currency from Individuals. Foreign currency shall not be repurchased by DOs from individuals in those countries served by MBFs under DoD contract. In countries not served by contract MBFs, DOs may repurchase foreign currency or instruments payable in foreign currency in exchange for U.S. dollars or dollar instruments from individuals prior to their departure on home leave or after termination of their foreign assignment. In providing this service, DOs shall ensure compliance with the following subparagraphs.

1. If the amount of foreign currency presented does not exceed the sum of the individual's salary and allowances for two biweekly pay periods, it may be repurchased without requiring documentation of any kind from the departing individual.

2. If the amount of foreign currency presented exceeds the amount authorized in subparagraph 120304.E.1 above, the individual presenting such currency shall submit a written application to the commander for

approval of the repurchase. The application shall contain a statement describing the source of the currency and, a statement affirming that none of the currency was acquired in violation of local regulations or exchange control laws of the country concerned.

3. The repurchase of the foreign currency with U.S. dollars is commensurate with the DO's immediate foreign currency disbursing requirements as prescribed in chapter 13 of this Volume.

4. The foreign currency is repurchased at the prevailing market rate.

5. DD Form 2664 is maintained daily to reflect the amount and source of funds.

★ 6. The authority to make accommodation exchanges granted herein may be suspended or curtailed by the disbursing officer for such time and to such extent necessary to carry out his or her other responsibilities.

F. Safehaven Posts. Foreign currency accommodation exchange services for dependents of DoD personnel at safehaven areas (to which ordered by competent authority in the event of emergency evacuation) shall be consistent with the amount of exchanges authorized for dependents of U.S. personnel employed by other U.S. Government agencies. This authority applies to any foreign currency, to include those that are designated as excess or near-excess. Accommodation exchange transactions for all dependents of an individual named in paragraph 120304.C above, shall not exceed \$2,000 during the first month following evacuation, and shall not exceed \$400 to \$600 in any subsequent month. These limitations do not apply in excess or near-excess currency countries. Daily records of accommodation exchanges for dependents at safehaven areas shall be maintained on DD Form 2664.

★ G. Accommodation Exchange Afloat. Disbursing Officers of the Department of the Navy additionally are authorized to repurchase foreign currency for U.S. dollars for Navy personnel afloat provided:

1. The disbursing officer has need for the foreign currency or can dispose of

the foreign currency by exchange for dollars or by official expenditures within 30 days.

2. The individual requesting the exchange of foreign currency is not allowed, upon returning afloat, to convert an amount of foreign currency greater than the amount purchased by him from the Navy disbursing officer before going ashore, as evidenced by the disbursing officer's records.

<u>EXCESS CURRENCY</u>		
<u>COUNTRY</u>	<u>CURRENCY</u>	<u>FISCAL YEAR</u>
<u>NEAR EXCESS CURRENCY</u>		
<u>COUNTRY</u>	<u>CURRENCY</u>	<u>FISCAL YEAR</u>
Burma	Kyat	1992

**Table 12-1. Excess and Near-Excess Foreign Currencies**

COUNTRY	CURRENCY	APPROVED USES
Burma	Kyat	Suspended indefinitely for all international travel and transportation.
India Pakistan Poland	Rupee Rupee Zloty	<p>Air travel originating or terminating in the designated country.</p> <p>Air travel transiting Pakistan with stopover (24-hour minimum) for official business in the designated country.</p> <p>Ship travel originating or terminating in the designated country (up to the travel expenses authorized.) The U.S. government costs are limited to those that would accrue by authorized air travel.</p> <p>Surface travel originating or terminating in the designated country.<sup>1</sup></p> <p>Air or surface freight shipments<sup>2</sup> originating or terminating in the designated country.</p>

**★Table 12-2. Approved Uses of Travel and Transportation  
Costs Involving Excess or  
Near-Excess Currency Countries**

<sup>1</sup>Surface travel to and through Poland must be purchased by the American Embassy, Warsaw, Poland, if payment is to be made in Zlotys. Advise the Embassy by mail, or wire in urgent cases, of the names of all travelers (including dependents), their routing, dates of travel, modes of travel, address for mailing tickets, and reference to enclosed GTRs, GBLs, or other documents. Allow adequate time for the procurement and mailing of tickets.

<sup>2</sup>Includes but not limited to baggage, household effects, motor vehicles, and supplies.

DD Form 2664, AUG 93

259

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